

FISCAL NOTE

HB 2334 - SB 2344

February 6, 2004

SUMMARY OF BILL: Requires the Commissioner of Finance and Administration, in consultation with the Commissioner of Personnel, the Commissioner of General Services, the Attorney General and the Comptroller, to include in every state contract for the performance of services provisions specifying that only citizens of the United States who reside within the United States, or any person authorized to work in the United States pursuant to federal law, including legal resident aliens in the United States, shall be employed in the performance of services under the contract or any subcontract awarded under the contract.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$700,000

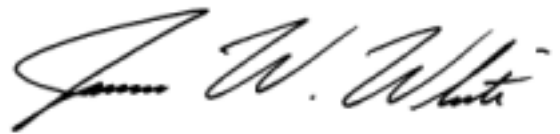
Estimate assumes:

- An estimated increase in operational costs borne by procuring agencies to establish and implement procedures to determine proposers' compliance with this provision as a part of the proposal evaluation process.
- There would be additional cost associated with the Department of Finance and Administration's (F&A) review of the subject RFP or alternative procurement method documentation to approve on behalf of the F&A Commissioner with assurance that the procuring agency has taken the appropriate steps ensuring that proposers have adequately established the criteria for compliance.
- There would be additional contract management cost incurred by the procuring agency during the life of the contract to ensure that the contractor remains in compliance with this provision.
- There is also the potential that such provision would reduce competition, thereby increasing the costs of various services.
- An estimated 2,000 service procurements made annually would be affected. If each of these contract procurements involved an additional 5 hours of research per contract to verify citizenship/alien status, the resulting cost to the State is estimated to exceed \$100,000. (This estimate is based on an Accounting Technician 2 at \$15.38/hour for 5 hours on 2,000 contracts.)

- In addition, the State currently has or has had information technology services provided “offshore.”
- According to the Department of Finance and Administration, Office of Information Resources, there is an estimated \$132,000,000 of funding for contracts involving information technology for FY2004.
- An estimated five percent or \$6,600,000 of the \$132,000,000 is for information technology contracts that are currently provided “offshore”, and which would be prohibited under this bill.
- By not using “offshore” services, there could be an increase in the cost to the State.
- If such cost for information technology contracts increases approximately 10%, then costs to the State could increase by \$660,000 due to the inability to contract for services “offshore.”
- Currently, Requests For Proposals (RFPs) include a statement that *the contractor shall comply with all applicable State and Federal laws and regulation in the performance of contract work.* Any cost associated with the addition of specific terms to the RFP prohibiting contractors or subcontractors from employing illegal aliens in the performance of services under state contracts is estimated to be not significant and can be handled within the normal course of business.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director